

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL  
January 1, 2016**

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2015-00266

December 18, 2015

MAINE PUBLIC UTILITIES COMMISSION  
Standard Offer Bidding Procedure for CMP  
and EMERA MAINE-BHD Small, Medium, and  
Large Non-Residential Pertaining to Central  
Maine Power Company and Emera Maine

ORDER DESIGNATING  
EME-BHE LARGE CLASS  
STANDARD OFFER PROVIDER

VANNOY, Chairman; McLEAN and WILLIAMSON, Commissioners

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**I. SUMMARY**

Through this Order, New Brunswick Energy Marketing Corporation (NBEM) is designated as the standard offer provider for the large class in the Emera Maine-Bangor Hydro District (EME-BHE or Emera Maine) service territory for the 12-month term beginning January 1, 2016.

**II. BACKGROUND**

Pursuant to Maine's Restructuring Act, the Commission periodically administers a competitive bid process to select providers of standard offer service. 35-A M.R.S. § 3212(2). The Commission is also required by the Act to oversee the sale by utilities of the rights to energy and capacity from their non-divested Entitlements and other non-divested generation-related assets. 35-A M.R.S. § 3204(4).

On September 9, 2015, the Commission issued in this docket its request for proposals for standard offer service for all classes in both Central Maine Power and EME-BHE service territories.

The Commission selected standard offer providers on November 17 & 18, 2015; however, there were no acceptable bids received for the large class in the EME-BHE territory. *Order Designating Standard Offer Providers and Directing Utility to Enter Entitlement Agreements*, Docket No. 2015-00266 (November 18, 2015 released from confidentiality on December 2, 2015). As a result, the Commission directed Emera Maine to submit a plan to the Commission addressing the provision of service to the large standard offer class by December 4, 2015. The plan was required to mirror as

much as possible the current structure for establishing customer prices and supplier payments. The Commission delegated to the Director of Electricity & Gas Utility Industries (Director) the authority to approve the Emera Maine plan and to establish standard offer prices under that plan.

Emera Maine submitted a preliminary filing to the Commission on December 4, 2015, that provided a general outline of options for providing standard offer service to the large customer class and, on December 11, 2015, it provided preliminary information about its request for proposals. On December 18, 2015, Emera filed the final results of its request for proposals. In response to questions from the Commission Staff, Emera Maine provided additional information about the proposals it received, including its analysis of the cost and risk of each.

### III. DISCUSSION AND DECISION

The Commission finds that the pricing and structure proposed by NBEM is generally consistent with our standard approach to providing standard offer service to large class customers, and is the best bid of this type. The proposal can be accommodated within the current large class standard offer structure for establishing customer prices and supplier payments. NBEM proposes to serve as the retail supplier for 100% of the large class standard offer service for the 12-month term established by the Commission and would utilize the same standard documents from the Commission's recently concluded RFP process. NBEM submitted the following fixed adder prices:

Month	Fixed Adder (\$/kWh)
Jan-16	\$0.02042
Feb-16	\$0.02111
Mar-16	\$0.02033
Apr-16	\$0.01707
May-16	\$0.01734
Jun-16	\$0.01636
Jul-16	\$0.01627
Aug-16	\$0.01665
Sep-16	\$0.01668
Oct-16	\$0.01816
Nov-16	\$0.01885
Dec-16	\$0.02158

Other proposals received by EME-BHE either represent higher bids or deviations from the current standard offer service structure that would present increased risk,

potential price volatility for customers, and an increased administrative burden for EME-BHE. The current structure is well understood by the providers, utilities and customers and only significant price differences would support deviating from that structure. Accordingly, since NBEM's proposal is competitive in terms of pricing and structure, Emera is directed to enter into a contract with NBEM to serve the EME-BHE large customer class for a 12-month term beginning on January 1, 2016.

In designating the above standard offer provider, its statements of commitment and bidder conditions are accepted. These documents are attached to and incorporated into this Order. These documents provide useful clarifications as to the precise nature of the standard offer providers' obligations, as well as reasonable protections for the providers. The Commission understands all conditions of the winning bidder are satisfied, or will be satisfied shortly after the issuance of this Order. The modified Standard Offer Provider Service Agreement is acceptable to EME-BHE and the changes from the standard form contracts are reasonable.

Finally, the Commission recognizes that the standard offer approved in this Order creates certain obligations and risks for Emera Maine that should be properly borne by customers rather than shareholders. Emera Maine agrees to accept the obligations and risks as long as it is compensated for the financial consequences of satisfying those obligations. Therefore, as the Commission has consistently found in selecting standard offer providers, any direct or indirect costs, obligations, expenses or damages reasonably incurred by Emera Maine, including administrative and security costs, in fulfilling its obligations or exercising its rights under the contract and arrangements authorized by this Order, shall be deferred on the utility's books of account as regulatory assets and shall be fully recovered, with carrying costs, from customers either through transmission and distribution rates or standard offer rates. These risks include, but are not limited to:

- The costs of any performance assurance that Emera Maine may be required to provide to a counterparty under the arrangements;
- Any additional costs or losses that Emera Maine may incur as a result of tolling any termination rights under any agreement pending the outcome of an arbitration proceeding;
- Any costs caused by contractually fixing any fees applicable to the standard offer provider for any time period, where such fees are otherwise subject to change;
- Any incremental costs attributable to the execution of the standard offer arrangements, including those related to the solicitation, evaluation, and negotiation of those arrangements; and
- Any costs or losses that Emera Maine incurs as a result of a default by the standard offer provider(s) on any of their contractual or other obligations and the consequential termination of any contract or obligation associated with the

standard offer arrangements authorized in this Order for which Emera Maine is not compensated by associated security.

This Order will be treated as designated confidential information pursuant to the Protective Order issued in this proceeding for a two-week period. After that, the confidential treatment of this information will be removed.

Dated at Hallowell, Maine, this 18<sup>th</sup> day of December 2015.

BY ORDER OF THE DIRECTOR OF ELECTRIC AND GAS UTILITY INDUSTRIES

  
Faith Huntington

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within **20** days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.